

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE:)	
)	
EXAMINATION OF THE FEASIBILITY)	Docket No. 3400
OF IMPLEMENTING A DEBT)	
FORGIVENESS PLAN)	
)	

ADDENDUM OF NEW ENGLAND GAS COMPANY

New England Gas Company (the “Company”) hereby submits this addendum to accompany the filing of the May 2003 Working Group report entitled Long-Term Arrearage Management Solution for Rhode Island (hereinafter the “Plan”).

Generally, the Company supports the design of the Plan. Over the past eighteen months, the Company has participated in the Working Group and has provided significant input regarding the Company’s operational capabilities and administrative procedures in order to contribute to the design of a plan that is feasible. The Plan appears to incorporate many of the Company’s suggestions in order to maximize benefits and minimize administrative issues and costs. Accordingly, the Company endorses the proposals as broadly outlined in the Plan.

The Plan does not currently include a cost analysis or a proposed independent funding mechanism. The Working Group determined that the current level of LIHEAP funding, combined with any anticipated cost savings, is not sufficient to support the long-term sustained payment assistance envisioned by the Plan. The Working Group discussed a non-bypassable fixed volumetric charge on gas and electric

rates in order to fund the Plan. The charge of the Commission in this Docket, however, was to identify an independent funding source, which the Working Group was unable to do. At this time, the Company is reluctant to support an increase in rates to its customers in order to achieve the subsidies and forgiveness goals set forth in the Plan. Therefore, until such time as a detailed cost analysis has been completed and an appropriate viable funding stream has been identified, the Company is unable to fully endorse the adoption of the Plan.

NEW ENGLAND GAS COMPANY

By Its Attorneys,

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